

Overview

2009 Black Hills Power South Dakota Rate Request

Improving life with energy

BHP
Black Hills Power

Black Hills Corporation Overview

An integrated and diversified energy company

Utilities

Gas Utilities

Colorado Natural Gas
Iowa Natural Gas
Kansas Natural Gas
Nebraska Natural Gas

Electric Utilities

Black Hills Power
Cheyenne Light, Fuel & Power
Colorado Electric

Non-Regulated Energy

Coal

Wyodak Resources

Oil & Gas

Black Hills Exploration & Production

Power Generation

Black Hills Electric Generation

Energy Marketing

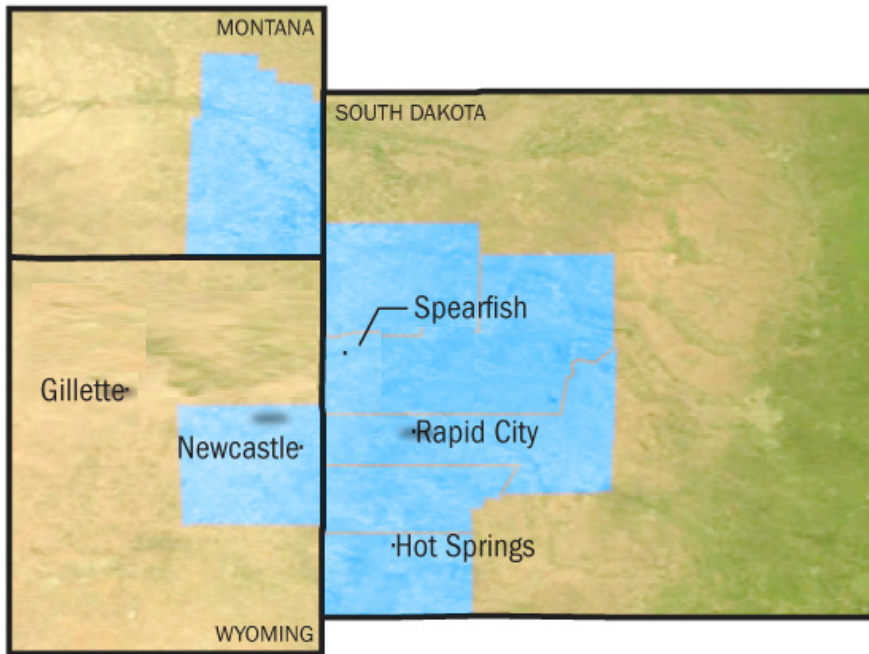
Enserco Energy

Fuel, Generation, and Utilities

Improving life with energy



Black Hills Power



- **Total Customers: ~69,000**
 - Residential: ~54,000
 - Commercial/industrial: ~12,000
 - Other: ~3,000
- **Employees: ~343**
- **BHP owned transmission line miles: ~497**
- **Distribution line miles: ~2,834**
- **Jointly owned transmission line miles: ~47**

Communities We Serve:

South Dakota

- Belle Fourche
- Custer/Hill City/Keystone
- Deadwood/Lead
- Hot Springs/Edgemont
- Newell/Nisland
- Rapid City
- Spearfish
- Sturgis
- Whitewood

Wyoming

- Colony
- Newcastle
- Osage
- Upton

Montana

- Alzada
- Belle Creek

Improving life with energy

BHP
Black Hills Power

Ratemaking Formula

Revenues =

Expenses + Return on Investment

BHP Rate Case Overview



- Requested a 26.6% revenue increase for all customers
- Reasons for increases:
 - Construction of Wygen III power plant
 - Other generation, transmission and distribution assets
 - Increased operating expenses since 2005
- BHP's rates will remain reasonable
 - In-line with other local and regional electricity providers
- BHP employees work to keep costs down

Proposed Customer Rates

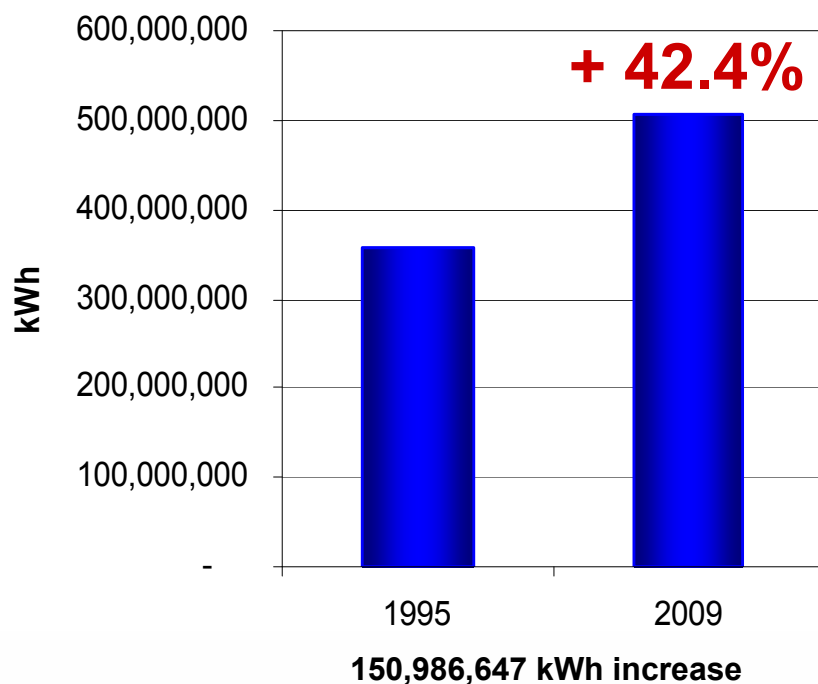
If approved as requested:

- Typical residential customer's bill: 600 KWh/month
 - would increase by \$17.99 per month or 59 cents per day
- Commercial and industrial customer bills:
 - will vary depending on
 - rate class
 - load factor
 - amount and nature of their usage
- New rates will go into effect no sooner than March 1, 2010

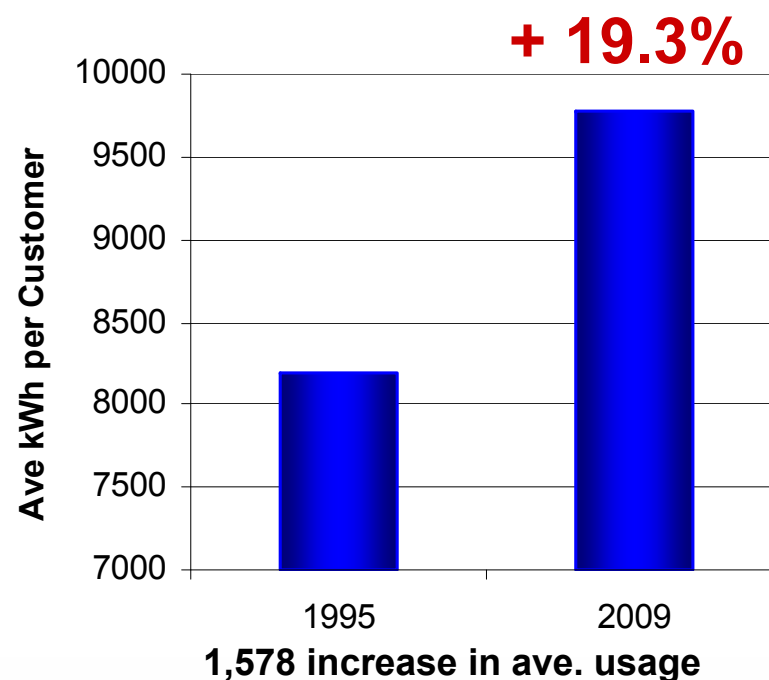
Serving BHP Customer Growth

An increasing demand for electricity

Residential kWh Sales



Residential Annual Ave kWh Usage per Customer



19.4% or 8,422 new residential customers

Improving life with energy



Construction of Wygen III Power Plant

Time-intensive process

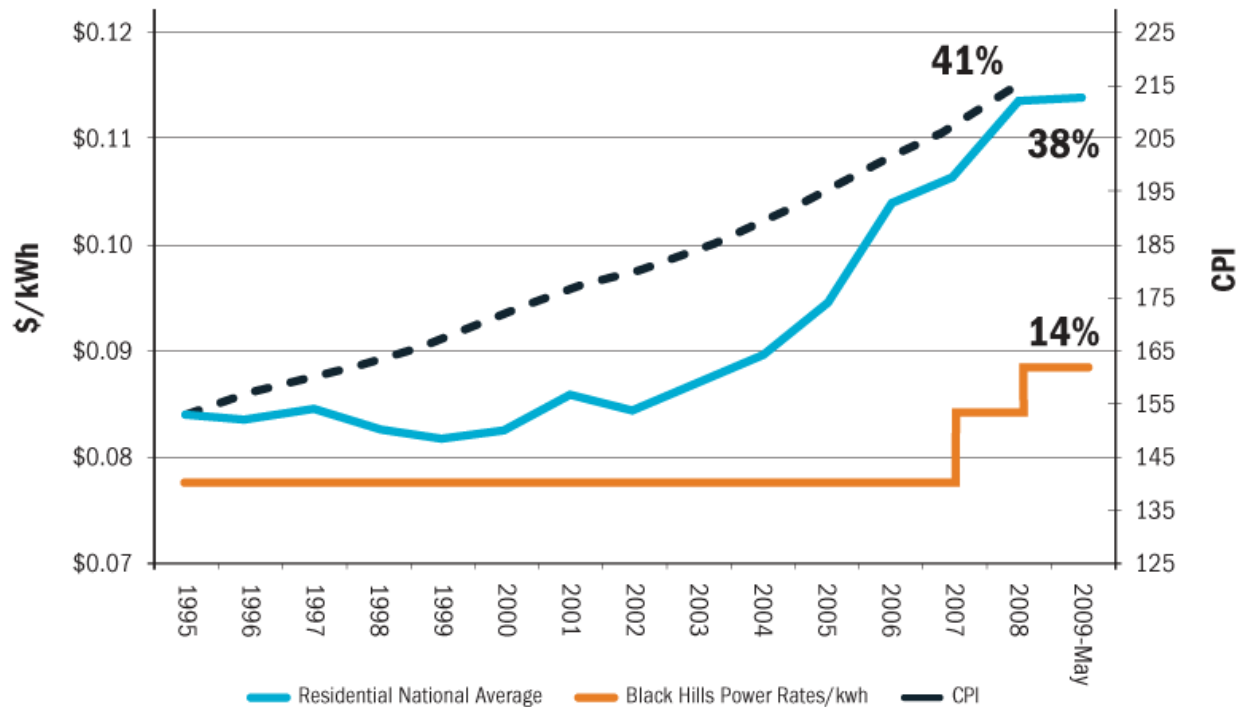
- Timeline
 - Periodic load forecasts
 - Integrated Resource Plans (2005 & 2007)
 - WYPSC Certificate of Public Convenience & Necessity (2007)
 - Applications for construction permits (2006-2008)
 - Groundbreaking (March 2008)
 - Construction contracts / Equipment Procurement (2007-2009)
 - Building & testing (2008-Q1 2010)
 - Serving customers (Spring 2010)
 - New Electric Rates

Wygen III Benefits

- Lowest cost option
- Meeting load growth
- Replacing aging power plants
- Long-term power supply
- Predictable fuel price
- Best available control technology (BACT)
- Lowest transmission cost
- Cost competitive



BHP Rates are Reasonable



- Since 1995, **Consumer Price Index** increased **41%**
- **National average retail price of electricity** increased by **38%**
- **Price paid by BHP customers** has increased only **14%**

Source: Bureau of Labor Statistics

Improving life with energy



Wygen III Power Plant



Improving life with energy

BHP
Black Hills Power



PUC Public Comment Meeting
Black Hills Power Rate Case
EL09-018